

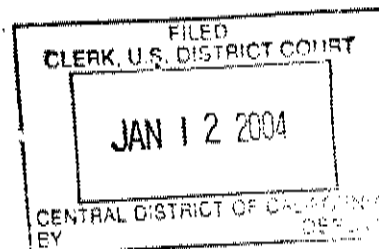
APPENDIX A

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22 UNITED STATES DISTRICT COURT
23 CENTRAL DISTRICT OF CALIFORNIA
24

25 Immunex Corporation, a Washington
26 corporation, and Amgen Inc., a
27 Delaware corporation,

28 Plaintiffs,

vs.

The Trustees of Columbia University
in the City of New York, a New York
corporation,

Defendant.

No. CV-03-4349-MRP (CWx)

Memorandum of Points and
Authorities of Plaintiffs, Immunex
Corporation and Amgen Inc., in
Opposition to Defendant Columbia's
Motion to Dismiss Plaintiffs'
Seventh Claim for Relief, or, in the
Alternative, Motion for a More
Definite Statement

Date: January 26, 2004

Time: 10:00 a.m.

Ctrm: 12

Honorable Mariana R. Pfaelzer

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INTRODUCTION

The motion of Defendant, The Trustees of Columbia University in the City of New York (“Columbia”), to dismiss the Seventh Claim for Relief of Plaintiffs, Immunex Corporation and Amgen Inc. (collectively, “Amgen”), lacks merit.

First, Amgen properly reasserted in this Seventh Claim a claim for declaration of the parties’ “respective rights and duties with respect to Columbia’s obligation to refrain from repressive practices.” The Court, in granting leave to amend, did not preclude the assertion of such a claim, and Columbia does not explain why the Court should not declare the parties’ rights and duties.

Second, contrary to Columbia’s assumption, a motion to dismiss is not the proper vehicle to determine the merits of a declaratory relief claim. Whether the “repressive practices” clause means what Amgen or Columbia contends, the claim should not be dismissed, but should proceed to an appropriate declaration on a developed record.

Third, Columbia is incorrect in arguing that its obligation to refrain from repressive practices was not a condition to Amgen’s continued performance under the license agreement. Columbia’s authorities concern the question (irrelevant at this stage) whether Columbia’s obligations should be considered to be an *express* condition or a *constructive* condition, but in all events those obligations were *a condition* to Amgen’s continued performance.

Fourth, the Seventh Claim is not duplicative of the preceding claims, because it correctly introduces the theory that Columbia engaged in repressive practices within the meaning of the license agreement. Pleading alternative theories is entirely proper under the Federal Rules.

Lastly, Columbia’s alternative motion for more definite statement – a disfavored motion – lacks merit. Amgen’s claim is sufficiently clear to enable

1 Columbia to frame a responsive pleading, which Columbia has in fact done in
2 a parallel case where a similar claim was asserted.

3 ARGUMENT

4 **I. AMGEN'S AMENDED SEVENTH CLAIM FOR RELIEF** 5 **PROPERLY REASSERTS A CLAIM FOR A** 6 **DECLARATION OF RIGHTS UNDER THE CONTRACT.**

7 The United States Government ("USG") funded the purported invention
8 at issue in this case. In granting licensing rights under the pertinent patents
9 (the "Axel patents") to Columbia, the USG forced Columbia to include in its
10 license to Amgen an obligation to refrain from "unreasonable royalties and
11 repressive practices" (for short, "repressive practices").¹ Columbia did not
12 honor that obligation, but instead demanded royalties, after its Axel patents
13 expired, based on still-pending applications and, as to one such application, so
14 delayed and manipulated the patent process as to procure a further patent
15 claiming the same subject matter as its prior patents. This conduct not only
16 violated the obligations that all persons owe under the patent laws, but
17 independently constituted "repressive practices" in violation of Columbia's
18 obligations under its license agreement with Amgen.

19 Amgen's amended Seventh Claim for Relief, as in the First Amended
20 Complaint, explicitly seeks declaratory relief by reason of Columbia's failure
21 to refrain from repressive practices as required by the parties' license
22 agreement. Although the Court's November 21 Memorandum of Decision
23 stated that Paragraph 90 of the First Amended Complaint (seeking an estoppel
24 remedy) was dismissed with prejudice, the Court indicated that "the remainder
25

26
27 ¹ This obligation was incorporated by reference in section 2(b) of the license
28 agreements at issue in this action. (Second Amended Complaint, ¶¶ 20-21
and Exhibits E and F thereto.)

1 of the Seventh Claim is dismissed without prejudice" (Memo. of Decision,
2 at 10 (emphasis in original)) and allowed leave to amend.

3 The Second Amended Complaint's Seventh Claim for Relief follows
4 this ruling, and does not seek an estoppel remedy.

5 Columbia's current motion assumes that Amgen was given leave to
6 amend only to state a damage claim for breach of contract. Toward this end,
7 Columbia cites certain comments by the Court that were directed to new
8 arguments raised for the first time in Columbia's November 17, 2002 reply
9 memorandum to which Amgen had no opportunity to respond.

10 Columbia's November reply memorandum raised for the first time an
11 argument that Amgen had not pled the elements of a breach of contract claim,
12 including performance by the plaintiff and damages. Columbia Reply Brief,
13 Nov. 17, 2002, at 9.

14 This argument by Columbia was erroneous. Amgen was asserting,² and
15 continues to assert, a claim for a declaration of rights under a contract. A
16 party seeking a declaration of rights under a contract need not plead due
17 performance on its part: "Performance of contractual conditions precedent by
18 either party is not a prerequisite to a declaration of rights by a court." *Monroe*
19 *Paper Box Co. v. Harrison Blaine Inc.*, 33 Misc.2d 441, 442, 226 N.Y.S.2d
20 841, 842 (Sup. Ct. 1962); *accord Hofbauer v. Liss*, 31 Misc.2d 538, 540,
21 220 N.Y.S.2d 659, 662 (Sup. Ct. 1961).

22 Nor is it necessary for the plaintiff to allege damages: declaratory relief
23 is available by statute "whether or not further relief is or could be sought."
24 28 U.S.C. § 2201 (2003). One purpose of declaratory relief actions is to allow
25 a party to obtain a declaration of its rights and duties before the point where

26 ² See First Amended Complaint, page 24 and ¶ 89 (seeking a "Declaratory
27 Judgment" regarding Columbia's "contractual obligations to refrain from
28 unreasonable royalties and repressive practices.")

1 one of the parties suffers damage. See CHARLES A. WRIGHT AND MARY KAY
 2 KANE, LAW OF FEDERAL COURTS § 100 at 716-17 (6th ed. 2002); *Keene Corp. v.*
 3 *Insurance Co. of North America*, 667 F.2d 1034, 1039-40 (D.C. Cir. 1981);
 4 *Duane Reade, Inc. v. St. Paul Fire & Marine Insurance Co.*, 261 F. Supp. 2d
 5 293, 295 (S.D.N.Y. 2003) (claim for breach of contract dismissed as not ripe,
 6 but claim for declaratory relief allowed to proceed).³

7 In response to Columbia's reply memorandum, the Court's previous
 8 order referred to issues of Amgen's performance of its responsibilities (Memo.
 9 of Decision, at 8) and to the allegation of damages. *Id.* at 9. In fact, no such
 10 allegations are necessary in a claim for declaratory relief.

11 The Court's permission to amend should be construed consistently with
 12 the legal requirement that such leave should be liberally granted.

13 Although the ability to amend a pleading is not automatic and requires
 14 court approval, a district judge should freely grant leave to amend when
 15 justice requires, absent a substantial reason to deny. . . . In exercising
 16 its discretion, the court should be guided by the underlying purpose of
 17 allowing amendments to facilitate a decision on the merits. The policy
 in favor of allowing amendments is extremely liberal. The text of
 Rule 15(a) is unequivocal regarding the requirement that leave to amend
 be granted liberally. The policy that a court should freely grant

18 ³ Although the authorities often refer to the event that excuses performance as
 19 a "breach of contract" by the other party, and that is usually the case, in fact
 20 the more conceptually exact statement is that the "failure of performance" by
 21 a party is what excuses the other party's performance, and the elements of a
 damage claim for "breach of contract" are not relevant. Columbia's
 Professor Farnsworth explains this distinction:

22 The concept of constructive conditions of exchange is most often called
 23 into play when one party seeks to justify its own refusal to perform on
 24 the ground that the other party has committed a breach of contract. The
 25 concept is not restricted to that situation, however, and may justify such
 a refusal whenever the other party fails to perform, even if that failure
 does not amount to a breach. . . . But for the sake of clarity the
 discussion in the remainder of this chapter will be confined to the
 situation where the nonperformance is a breach.

26 II E. ALLAN FARNSWORTH, FARNSWORTH ON CONTRACTS § 8.9 at 455-56
 27 (2d ed. 1998) (hereinafter "Farnsworth"). Unfortunately, Amgen's use of
 28 the simpler term "breach" was used by Columbia to lead the Court into
 thinking that Amgen's claim needed to be classified as a damage claim for
 breach of contract.

1 amendments limits a party's ability to deny leave to amend, and in a
 2 proper case, may warrant a finding of abuse of discretion in denying
 leave.

3 3 JAMES W. MOORE ET AL., MOORE'S FEDERAL PRACTICE ¶ 15.14 (3d ed. 2003).

4 **II. COLUMBIA'S MOTION TO DISMISS IS NOT A PROPER**
 5 **VEHICLE TO ATTACK THE MERITS OF AMGEN'S**
 6 **CLAIM FOR DECLARATORY RELIEF.**

7 Amgen has pleaded a claim to have a declaration of the parties'
 8 "respective rights and duties with respect to Columbia's obligation to refrain
 9 from repressive practices." Second Amended Complaint ¶ 92. Columbia
 10 never explains why those rights and duties should not be declared by the Court,
 11 and Columbia's opposition on the merits further demonstrates (as alleged) that
 12 there is an actual controversy between the parties regarding Columbia's
 13 obligation.

14 Columbia's arguments regarding what the Court's ultimate declaration
 15 *should be* do not support a motion to dismiss. Even if Columbia were correct
 16 on the merits – which it is not – Amgen is entitled to seek a declaration on the
 17 subject. *See, e.g., Youell v. Grimes*, 2001 WL 121955, at *2 (D. Kan. 2001)
 18 (“[a] rule 12(b)(6) motion to dismiss for failure to state a claim . . . is not a
 19 proper vehicle for attacking the individual requested findings”); *Archie Comic*
 20 *Publications v. Decarlo*, 2001 WL 1543526, at *2 (S.D.N.Y. 2001) (“a legally
 21 sufficient claim for a declaratory judgment depends on satisfying the
 22 requirements for issuance of a declaration, not upon satisfying the
 23 requirements for a declaration in favor of the party who first seeks it”).

**III. EVEN IF THE COURT REACHES THE MERITS OF THIS
DECLARATORY RELIEF DISPUTE ON A MOTION TO
DISMISS, THE “REPRESSIVE PRACTICES” PROVISION
IS PROPERLY VIEWED AS AN OBLIGATION OF
COLUMBIA WHICH, IF NOT MET, EXCUSES PAYMENT
OF ROYALTY BY AMGEN.**

**A. As required by the U.S. Government, Columbia
undertook in the license agreement to refrain from
repressive practices.**

The invention for which Columbia has collected hundreds of millions of dollars of royalty, and as to which it now seeks to collect hundreds of millions more, “was made in the course of work under grants . . . from the National Institutes of Health, Department of Health and Human Services.” U.S. Patent No. 4,399,216, Exh. A to Second Amended Complaint, at 1:6-9. As a result, Columbia was not entitled to commercialize the invention without the permission of the Department of Health and Human Services (“HHS”).

HHS gave permission to Columbia in writing (the “HHS letter,” attached to Exhibits E and F to the Second Amended Complaint), but expressly “subject to the following terms and conditions,” including two of special importance to this motion:

(j) Any license granted by the University under the U.S. patent application shall include adequate safeguards against unreasonable royalties and repressive practices.

* * *

(l) All licenses issued by the University shall be subject to the conditions of this determination, and shall specifically incorporate by reference all applicable provisions contained herein.

The obligation to refrain from unreasonable royalties and repressive practices is also imposed by 45 C.F.R. § 8.2(b) (1981) – the regulation under which the HHS letter was issued, as explained in that letter. To implement

1 Columbia's obligations, the license agreement to Amgen attached a copy of
 2 the HHS letter and incorporated its obligations by reference. Second
 3 Amended Complaint, Exh. E and F, § 2(b).

4 The concerns giving rise to these obligations were not the same
 5 concerns that govern the behavior of all patentees in the Patent and Trademark
 6 Office ("PTO"). If the HHS had only been interested in seeing that Columbia
 7 met its obligations under the patent laws, there would have been no need to
 8 require Columbia also to promise not to engage in repressive practices. As
 9 will be shown in the course of this litigation, the public policy behind the HHS
 10 position – to promote the public use of inventions that were paid for with
 11 public grant money⁴ – supports a broad reading of this restriction on
 12 Columbia's activities, limiting what Columbia could do with the purported
 13 invention more strictly than is normally the case for all patentees under the
 14 patent laws. For example, whether or not the patent laws would prohibit
 15 Columbia from trying to exact royalties based on pending patent applications,
 16 the restriction on repressive practices would do so.

17 **B. Columbia's argument confuses the concept of express**
 18 **conditions with the concept of implied or constructive**
 19 **conditions.**

20 Amgen seeks the unremarkable remedy of a declaration of the rights
 21 and duties of the parties by reason of the "repressive practices" restriction,

22 ⁴ The concern leading to enactment of the Bayh-Dole Act of 1980, Pub. L.
 23 No. 96-517, codified as amended at 35 U.S.C. §§ 200-212 (1984), which
 24 promoted such licensing, was that inventions for which the Government had
 25 paid were "gathering dust" in government warehouses rather than benefiting
 26 the public. *See, e.g.*, 96 CONG. REC. S30634 (daily ed. Nov. 20, 1980)
 27 (statement of Sen. Bayh). In enacting the regulation under which
 28 Columbia's HHS letter was issued, the Department stated that "[T]he
 Department has a responsibility to see that the public use of the fruits of the
 research will not be unduly restricted or denied." Inventions Resulting from
 Research Grants, Fellowship Awards, and Contracts for Research, 20 Fed.
 Reg. 6747, 6749 (Sept. 14, 1955) (to be codified at 45 C.F.R. pt. 8).

1 including but not limited to a declaration that because Columbia has not met
2 its obligations under that clause, Columbia cannot take advantage of its own
3 failure to improve its position against Amgen, e.g., by purporting to terminate
4 the license agreement for non-payment of royalty.

5 Columbia's motion confuses several issues in the law of contract in an
6 effort to advance the rather remarkable proposition that, regardless of
7 Columbia's own material failures of performance, Amgen is required to
8 perform under the license agreement. In order to advance Columbia's
9 argument, Columbia artificially truncates at least one quotation from an
10 authority, and ignores distinctions made even in the cases it cites.

11 The principal confusion in Columbia's argument is between an *express*
12 *condition* to an obligation to perform, and an *implied or "constructive"*
13 *condition* to an obligation to perform. Whether Columbia's duties are
14 ultimately determined to be express or constructive conditions, they are
15 conditions.

16 Language in an agreement may be ambiguous regarding whether one
17 party is unilaterally promising to do a particular act *if* the other party should
18 happen to do certain things, or each party is promising that it *will* perform. In
19 addressing this situation – the so-called “express condition” situation – the
20 interpretation is preferred that each party is promising to perform. This
21 interpretation avoids the harsh result that could occur because express
22 conditions are not subject to the doctrine of substantial performance.⁵

23 However, if as Columbia argues (Columbia Memo., at 7:2-4), the
24 obligations are promissory terms of the agreement – in Amgen's case,
25 promising to pay royalty under appropriate circumstances, and in Columbia's

26 ⁵ Farnsworth, at 401 (“If the occurrence of a condition is required by the
27 agreement of the parties, rather than as a matter of law, a rule of strict
28 compliance traditionally applies”).

1 case, promising to refrain from repressive practices – the courts nonetheless
 2 imply that each party's performance of material obligations *is a constructive*
 3 *or implied condition* of the other party's obligation to continue to perform.⁶

4 Confusing this distinction, Columbia quotes from the Restatement a
 5 sentence stating that the rule under section 227 “states a preference for an
 6 interpretation that merely imposes a duty on the obligee to do the act and does
 7 not make the doing of the act a condition of the obligor's duty,” (Columbia
 8 Memo., at 5:6-8), but Columbia ignores the two sentences that follow this
 9 quotation:

10 The preferred interpretation avoids the harsh results that might
 11 otherwise result from the non-occurrence of a condition and still gives
 12 *adequate protection to the obligor under the rules of Chapter 10*
 13 *relating to performances to be exchanged* under an exchange of
 14 promises. *Under those rules, particularly §§ 237-41, the obligee's*
 15 *failure to perform his duty has, if it is material, the effect of the non-*
 16 *occurrence of a condition of the obligor's duty.*

17 Restatement, § 227 cmt. d (emphasis added).

18 Columbia then ignores the rules of Chapter 10 of the Restatement.

19 Under Chapter 10, it is presumed that the promises by each party are
 20 exchanged for the promises of the other party:

21 Where the consideration given by each party to a contract consists in
 22 whole or in part of promises, all the performances to be rendered by
 23 each party taken collectively are treated as performances to be
 24 exchanged under an exchange of promises, unless a contrary intention is
 25 clearly manifested.

26 Restatement, § 232. And with an exception not applicable here, the remaining
 27 performance owed by one party “is a condition of each party's remaining
 28 duties”:

29 ⁶ Columbia's repressive practices occurred over a period commencing in the
 30 1980's, including conduct well before Amgen ceased paying royalties.
 31 Material non-performance on Columbia's part excuses later duties of Amgen,
 32 whether or not Columbia's non-performance was yet known. RESTATEMENT
 33 (SECOND) OF CONTRACTS Restatement (hereinafter “Restatement”), at § 225
 34 cmt. e.

1 Except as stated in § 240, *it is a condition* of each party's remaining
 2 duties to render performances to be exchanged under an exchange of
 promises that there be no uncured material failure by the other party to
 render any such performance due at an earlier time.

3 Restatement, § 237 (emphasis added).⁷

4 There is nothing remarkable about these rules, which simply mean that
 5 Columbia must have met its material obligations in order to expect Amgen to
 6 be obligated to continue to perform. Indeed, Columbia itself has admitted in
 7 this case that for a party to claim damage for breach by the other party, the
 8 claimant must allege that it had performed on its part. Columbia Reply Brief,
 9 Nov. 17, 2003, at 9:19.

10 The Reporter for the Second Restatement, Columbia's own Professor
 11 Farnsworth, has explained these principles in his treatise. As he explains,
 12 "[c]onditions that are agreed to by the parties, as in the examples given above,
 13 are commonly referred to as 'express conditions.'" Farnsworth, § 8.2, at 394.⁸
 14 He distinguishes implied conditions. *Id.* at 395 ("The distinction between an
 15 express and an implied condition is ingrained in the thinking of lawyers and is
 16 rooted in a faith in freedom of contract. It is of practical importance because
 17 the rule of strict compliance is limited to express conditions" (footnote
 18 omitted)). He acknowledges that a rule of strict compliance applies to express
 19 conditions (Farnsworth, § 8.3, at 401), and that accordingly there is a
 20 preference for an interpretation that imposes on a party a duty to see that an
 21 event occurs, rather than one that merely makes the other party's duty

22 _____
 23 ⁷ Restatement § 240 deals with contracts which apportion the parties'
 performances into corresponding pairs of agreed equivalents.

24 ⁸ The examples cited by Professor Farnsworth are of the type offered by
 25 Columbia in its memo at page 6: "if," "on condition that," "subject to," and
 26 the like. Given the language in the HHS letter that the grant to Columbia
 was "subject to" the stated "terms and conditions," the repressive practices
 27 clause may indeed be an express condition. On the current motion, the
 Court need not address the issue whether the "repressive practices" clause is
 28 an express condition or a constructive condition, because in either event it is
 a condition.

1 conditional on occurrence of the event. *Id.* § 8.4, at 409. However, he
2 explains that, even if this interpretation is made, the duty of that party to see
3 that an event occurs is still an *implied* or *constructive condition* of the other
4 party's duty to perform:

5 Courts manifest the . . . preference when an agreement refers to an event
6 within the control of one of the parties but does not make clear if that
7 party is under a duty to see that the event occurs or if, instead, the event
8 is a condition of the other party's duty. As we shall learn, *if the court*
9 *holds that the obligee is under a duty to see that the event occurs, the*
event will still be a condition of the obligor's duty because of the
concept of constructive conditions of exchange, but the doctrine of
substantial performance will apply.

10 Farnsworth, § 8.4, at 409-10 (footnotes omitted, emphasis added).

11 Professor Farnsworth then explains how the doctrine of implied
12 conditions or "constructive conditions of exchange" evolved to address the
13 early common law rule that in a bilateral contract certain duties were
14 considered independent, such that "[i]f the builder failed to build the house,
15 the owner would still be bound to pay the price." *Id.* § 8.9, at 449. To avoid
16 results that Lord Mansfield in 1773 called "monstrous," the law developed that
17 performance by each party was a constructive or implied condition on the
18 other party's duty:

19 Since a bilateral contract involves an exchange of promises and the
20 performance of each is made a condition of the duty to perform the
21 other, such implied conditions are often called *constructive conditions of*
exchange.

22 Farnsworth, § 8.9, at 452-53 (emphasis in original). Under this rule – the
23 same rule described in Chapter 10 of the Restatement and ignored by
24 Columbia – the presumption is that the mutual promises *are* conditions of one
25 another, unless the language very clearly demands otherwise:

26 By and large . . . only by the clearest language can the parties make a
27 promise to which the concept of constructive conditions does not apply.

28

1 *Id.* § 8.9, at 454.⁹

2 C. Case law applying these principles shows that
3 Columbia's material failure to perform excuses Amgen
4 from performance.

5 The above principles are illustrated in *Research Frontiers Inc. v. Marks*
6 *Polarized Corp.*, 295 F. Supp. 1050 (E.D.N.Y. 1969). In that action, a patent
7 licensee sued the licensors for breach of the agreement and on other theories.
8 Defendants counterclaimed for a declaration that the license was terminated
9 for nonpayment of royalties, and moved for partial summary judgment to
10 establish termination of the license agreements. Denying the defendants'
11 motion, the court said that the plaintiff's obligation to pay royalty was excused
12 if the licensors had materially failed to perform:

13 A suit on a patent license may well be determined under the rules of
14 general contract law, that a material failure of performance by one party
15 may discharge the other party's duty to perform. Restatement,
 Contracts, §§ 274, 275.

16 *Id.* at 1053.¹⁰ Similarly in *Water Technologies Corp. v. Calco, Ltd.*, 576 F.
17 Supp. 767, 773 (N.D. Ill. 1983), the court ruled that non-payment of royalties
18 was justified if the licensor had breached its obligations, rendering any
19 purported termination for non-payment invalid. The court stated:

20 If . . . it may be said that Water Tech was justified in not paying further
21 royalties due to an earlier material failure of performance by Aqua-
 Chem, termination would not have been proper.

22 _____
23 ⁹ Of course, conditions can be either affirmative or negative in nature, such as
24 a condition not to compete. See, e.g., Restatement § 185, illustration 1;
25 *Milligan v. Commissioner of Internal Revenue*, 1992 WL 321334 (U.S. Tax
26 Ct. 1992), reversed on other grounds, 38 F.3d 1094 (9th Cir. 1994).

27 ¹⁰ The cited sections of the first Restatement, dealing with "failure of
28 consideration," concern the fact that "material failure of performance" by
one party discharges the other party's duty to perform. As Farnsworth notes,
more modern terminology refers to a "failure of performance" rather than
"failure of consideration," as part of the doctrine of "constructive
conditions." Farnsworth, § 8.9, at 455.

1 *Id.* at 773. *See also, Lisle Corp. v. Edwards*, 599 F. Supp. 897, 900 (S.D. Iowa
2 1984) (licensor may not terminate patent license where he had failed to live up
3 to his own obligations).

4 The cases cited by Columbia are not to the contrary. Indeed, in parts
5 not quoted by Columbia, the cases recognize the distinction discussed above
6 between an express condition and a constructive condition.

7 Columbia partially quotes a sentence from *Oppenheimer & Co. v.*
8 *Oppenheim, Appel, Dixon & Co.*, 86 N.Y.2d 685, 690-91, 636 N.Y.S.2d 734,
9 737 (1995) for the proposition that “In determining whether a particular
10 agreement makes an event a condition courts will interpret doubtful language
11 as embodying a promise” Columbia Memo., at 5:10-12 (ellipses in
12 Columbia’s Memo.). The point of Columbia’s argument is that the courts will
13 interpret doubtful language to be a promise *rather than a condition*, but the
14 actual quotation shows that the court was making a very different point. The
15 court’s actual statement is: “In determining whether a particular agreement
16 makes an event a condition courts will interpret doubtful language as
17 embodying a promise *or constructive condition rather than an express*
18 *condition*” (emphasis added). Columbia’s quote, omitting the court’s actual
19 words italicized above, is potentially misleading. Consistent with the
20 Restatement and Professor Farnsworth, the *Oppenheimer* court distinguished
21 “[e]xpress conditions” from “[i]mplied or constructive conditions,” then noted
22 that the doctrine of substantial performance applies to the latter but not the
23 former, and in that context noted that (as discussed above) the interpretive
24 preference is for promises *and constructive conditions* rather than *express*
25 *conditions*. Columbia’s erroneous argument, that the preference is to find that
26 parties’ obligations are *not conditions*, can be supported only by ignoring the
27 omitted words in the quotation.

28

1 Similarly, the court in *DeVito v. Hempstead China Shop*, 38 F.3d 651,
 2 654 (2d Cir. 1994), cited by Columbia, was dealing only with the express
 3 condition provisions of Restatement § 227 – and even in that context the court
 4 reversed summary judgment, indicating that the resolution of the point was not
 5 appropriate in that case. In *Uniroyal, Inc. v. Heller*, 65 F.R.D. 83, 93
 6 (S.D.N.Y. 1974), the court rejected an argument that an obligation to pay was
 7 conditioned on the establishment of a pension plan, because the contract
 8 expressly required payment to be made even if no pension plan was
 9 established by a certain time. The other two cases cited by Columbia involve
 10 the special issue of express conditions to the *existence* of a contract, and
 11 Columbia's own cases explicitly recognize that that issue is "conceptually"
 12 different.¹¹

16 ¹¹ *Catskill Development, L.L.C. v. Park Place Entertainment Corp.*, 154 F.
 17 Supp.2d 696, 704-05 (S.D.N.Y. 2001) (where land purchase agreement for
 18 casino development obliged tribe to seek BIA approval, tribe's failure to do
 19 so did not mean that no contract was formed; in fact, court recognized that
 20 this "is a clear example of a contract where the parties' *performance* is
 21 conditioned on the government approvals") (emphasis in original); *Su Mei,
 22 Inc. v. Hirofumi Kudo*, 302 A.D.2d 740, 741-42, 755 N.Y.S.2d 481, 483-84
 23 (App. Div. 2003) (written consent of landlord was not a condition precedent
 24 to the existence of a contract for sale of restaurant; court distinguished
 25 separate issue of whether it was a condition precedent to *performance* and
 26 held that the latter issue was not preserved by the pleadings).

22 The *Catskill* court quoted the *Oppenheimer* court's observation (at 86
 23 N.Y.S.2d 690, 636 N.Y.S.2d 737) that conditions to a party's obligation to
 24 perform a promise are "to be distinguished conceptually from a condition
 25 precedent to the formation or existence of the contract itself." Such cases
 26 are inapplicable, because Amgen's claim is not based on an argument that
 27 Columbia's duty to refrain from repressive practices meant that the license
 28 agreement did not come into existence. The Restatement does not even use
 the word "condition" to refer to the question whether a contract was formed.
 See Farnsworth, § 8.2, at 395 ("[T]he Restatement Second definition [of
 "condition"] excludes . . . events that must occur before a contract comes
 into existence The Restatement Second uses *condition* in the context of
 a contract that already exists") (emphasis in original).

**IV. THE SEVENTH CLAIM FOR RELIEF IS NOT
 DUPLICATIVE OF OTHER CLAIMS.**

It is common that a party faced with a contractual demand for royalty or other payments may sue for a declaration that it owes nothing, even if other remedies also exist.¹² A recent example in New York is *Prudential Insurance Co. of America v. Premit Group, Inc.*, 270 A.D.2d 115, 704 N.Y.S.2d 253 (App. Div. 2000), where plaintiff licensee sued defendant patent licensor. In this decision, the court affirmed the trial court's declaration that plaintiff owed no further royalties as a result of defendant's breach of the license, and that otherwise the license continued in effect to protect the licensee from infringement claims.

Columbia argues that Amgen's Seventh Claim is duplicative of Amgen's "other claims for declaratory judgment." Columbia Memo., at 7. That is not accurate. The Seventh Claim sets forth the particular theory that Columbia engaged in "repressive practices" within the meaning of the license agreement, and as a result certain rights and duties should be declared. No preceding claim for relief in the Second Amended Complaint articulates this theory.¹³ Nor would a ruling on issues of patent law necessarily clarify Columbia's obligations under the "repressive practices" clause. Even if Columbia's practices in the PTO managed somehow to skirt the prohibitions of patent laws, its practices – such as demanding payments under pending applications after the patents had expired – were repressive practices within

¹² "The existence of another adequate remedy does not preclude a judgment for declaratory relief in cases where it is appropriate." Fed. R. Civ. P. 57.

¹³ The First Claim for Relief seeks a declaration with regard to the contractual royalty base, such as Columbia's claim that royalties are owed under the license agreement based on pending patent applications. The Second through Sixth Claims for Relief seek declaratory relief regarding the application of the license agreement to distinct theories of invalidity and unenforceability and non-infringement of the '275 patent.

1 the spirit of the laws by which Columbia gained access to the patents in the
 2 first place, which laws were designed to promote, rather than restrict, the use
 3 of inventions funded by our tax dollars. And the contractual consequences of
 4 Columbia engaging in prohibited repressive practices may be different than
 5 the remedies available for, e.g., patent misuse.

6 Rule 8(e)(2) of the Federal Rules of Civil Procedure allows a party to
 7 set forth “two or more statements of a claim . . . alternately . . . either in one
 8 count . . . or in separate counts.” Although Amgen might have attempted to
 9 consolidate its declaratory relief claims in fewer counts (inviting debate as to
 10 whether they relate to the same or different “transactions or occurrences”),
 11 Amgen followed standard practice by separately articulating its theories in
 12 separate counts:

13 The better practice is to set forth separate theories of recovery in
 14 separately numbered counts – whether or not based on the same
 15 transaction or occurrence. This helps to organize the complaint and
 provides the court and opposing party with a clearer idea of the issues
 involved.

16 2 SCHWARZER, TASHIMA & WAGSTAFFE, FEDERAL CIVIL PROCEDURE BEFORE
 17 TRIAL § 8:134, at 8-54 (2003).

18 **V. COLUMBIA’S ALTERNATIVE MOTION FOR MORE**
 19 **DEFINITE STATEMENT LACKS MERIT.**

20 Columbia alternatively moves under Rule 12(e) for a more definite
 21 statement. That rule provides for such a motion only if a pleading “is so vague
 22 or ambiguous that a party cannot reasonably be required to frame a responsive
 23 pleading.” Motions for a more definite statement “are viewed with disfavor
 24 and are rarely granted because of the minimal pleading requirements of the
 25 Federal Rules.” *Sagan v. Apple Computer, Inc.*, 874 F.Supp. 1072, 1077 (C.D.
 26 Cal. 1994). Accordingly, “a motion for a more definite statement should not
 27 be granted unless the defendant literally cannot frame a responsive pleading.”
 28

1 *Bureerong v. Uvawas*, 922 F.Supp. 1450, 1461 (C.D. Cal. 1996). As one court
 2 noted, such motions “are often ‘interposed largely for purposes of delay. . . .’”
 3 *In re Hanford Nuclear Reservation Litigation*, 780 F.Supp. 1551, 1583 (E.D.
 4 Wash. 1991).

5 Denying such a motion, the court in *Michigan Gas & Electric Co. v.*
 6 *American Electric Power Co.*, 41 F.R.D. 462, 463-64 (S.D.N.Y. 1966),
 7 rejected the argument that the plaintiff was required to specify which of the
 8 acts alleged violated the Sherman Anti-Trust Act, which violated the Clayton
 9 Act, which violated both, and that plaintiff identify the “related statutes”
 10 mentioned. The court explained:

11 In the present case plaintiff has alleged in its complaint a series of acts
 12 which it contends violates the anti-trust laws and which were designed
 to drive it out of business. No separate statement is required. . . .

13 Rule 12(e) of the Federal Rules of Civil Procedure permits a motion for
 14 a more definite statement to be granted if a complaint “is so vague that a
 party cannot reasonably be required to frame a responsive pleading.” . . .

15 Rule 12(e) does not require the pleader to set out in detail the facts upon
 16 which he bases his claim [citation omitted] nor may the Rule be
 17 employed as a means of discovery. [citations omitted] It is proper only
 18 when necessary to frame a responsive pleading. [citation omitted]
 19 Defendants’ contentions as to their inability to respond to the complaint
 are without merit. It seems clear that defendants, who are apparently
 encountering difficulty in discovery . . . are attempting to use the within
 motions for discovery purposes and as a basis for a motion to dismiss.
 This they may not do.

20 *Id.* at 464-65.

21 The clearest evidence that Columbia can frame a responsive pleading to
 22 the allegation of repressive practices is that Columbia has already done so in
 23 another case. In *Wyeth v. The Trustees of Columbia University in the City of*
 24 *New York*, Action No. 03-CV-11570 MLW, U.S. District Court for the District
 25 of Massachusetts, Wyeth’s Complaint alleges the history leading to the
 26 issuance of the ‘275 patent (the same patent challenged in this action),
 27 including Columbia’s dilatory actions in the PTO (Complaint, ¶¶ 17, 31-33),
 28 the invalidity of the ‘275 patent (*Id.* ¶¶ 26, 27), actions by Columbia

1 constituting inequitable conduct in the PTO (*Id.* ¶¶ 37-64), and patent misuse
 2 (*Id.* ¶¶ 80-83).¹⁴ Wyeth seeks *inter alia* declarations that it owes no
 3 contractual royalties by reason of the invalidity and unenforceability of the
 4 ‘275 patent (Fourth Claim), that it owes no contractual royalties based on
 5 pending patent applications (Fifth Claim), and in an independent Seventh
 6 Claim incorporates all prior allegations in the Complaint and alleges that
 7 Columbia’s actions violate its obligations under Section 2(b) of the Wyeth
 8 License Agreement – which as in Amgen’s license agreement incorporates by
 9 reference the HHS letter. *Id.* ¶¶ 87-88. Having pled that a “condition” of the
 10 HHS letter was that Columbia would safeguard against “unreasonable
 11 royalties and repressive practices” (*Id.* ¶ 1), Wyeth then pleads the prohibition
 12 of repressive practices in terms at least as broad as Amgen:

13 Wyeth maintains that Columbia is in breach of Section 2(b) of the
 14 License Agreement because Columbia’s actions and conduct, including,
 15 *inter alia*, demanding royalties and fees under the License Agreement
 16 after August 16, 2000 on the basis of the ‘275 patent and/or pending
 17 patent applications, violates, and are antithetical to the spirit and
 18 intended purpose of, the laws and regulations under which the Federal
 government granted title to the invention to Columbia, which include,
 inter alia, the laws, regulations, federal public policy statements, and/or
 agreements referred to in the Columbia/HHS letter agreement to
 Columbia granting title to the original patent application to Columbia.

19 *Id.* ¶ 89. On this and related bases, Wyeth “further desires a declaratory
 20 judgment that due to this material breach, Wyeth is under no obligation to pay
 21 royalties and fees based on activities occurring after August 16, 2000.” *Id.*
 22 ¶ 93.

23 Columbia had no difficulty pleading to these allegations. In its Answer
 24 to Complaint dated November 24, 2003, it denied all of these allegations,
 25 except that it admitted the contents of its license agreements and the content of

26 ¹⁴ The Complaint is submitted herewith as Exhibit 1 to the Request for
 27 Judicial Notice, and Amgen requests the Court to take judicial notice of its
 28 contents.

1 certain laws and regulations.¹⁵ By moving, rather than answering, in this
 2 action, Columbia has avoided the need to file a counterclaim, which may
 3 reveal differences between this and the other cases it has asked the Judicial
 4 Panel on Multidistrict Litigation to transfer to the Northern District of
 5 California. If Columbia truly believed that Amgen's Seventh Claim fails to
 6 state a claim, Columbia would not have answered Wyeth's very similar claim.

7 Lastly, Columbia argues that clarification of the "repressive practices"
 8 allegations should be ordered "so that the Court can determine whether the[]
 9 Seventh Claim for Relief is . . . preempted or based on conduct that is
 10 privileged under the patent laws." Columbia Memo., at 9. That is an
 11 improper basis for a motion for more definite statement. The proper use of a
 12 motion for more definite statement is only where "a party cannot reasonably
 13 be required to frame a responsive pleading." Rule 12(e). It is improper to use
 14 such a motion to attempt to discover the basis for a motion to dismiss. *See*
 15 *Michigan Gas & Electric Co. v. American Electric Power Co., supra*,
 16 41 F.R.D. at 464-65; *Leon v. Hotel & Club Employees Union Local 6*,
 17 26 F.R.D. 158, 159 (S.D.N.Y. 1960) ("[i]t may be that plaintiff's motion under
 18 Rule 12(e) is preparatory to a motion to dismiss. Rule 12(e) is designed to
 19 enable a litigant to answer, not to move for dismissal").¹⁶

20 _____
 21 ¹⁵ The Answer to Complaint is submitted herewith as Exhibit 2 to the Request
 22 for Judicial Notice, and Amgen requests the Court to take judicial notice of
 its contents.

23 ¹⁶ Columbia's suggestion that some or all of the Seventh Claim may be
 24 preempted by patent law, citing an unfair competition case, is also
 25 erroneous. The Federal Circuit has acknowledged that state contract law is
 not preempted merely because the substance of a contract presents patent
 issues:

26 As we have recognized with regard to licensing agreements, it is
 27 generally state law, not federal patent law, that governs contractual
 28 disputes even when patent issues must be adjudicated because patents
 are involved in the subject matter of those contracts. . . . [S]tate law
 governs the maintenance of orderly contractual relations and this

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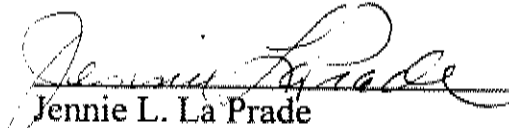
1 CONCLUSION

2 For the above reasons, Plaintiffs request the Court to deny Columbia's
3 motion to dismiss and its alternative motion for more definite statement.

4 Dated: January 12, 2004.

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7
8 By


Jennie L. La Prade

9 ATTORNEYS FOR PLAINTIFFS,
10 IMMUNEX CORPORATION and
11 AMGEN INC.

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26 function is not preempted merely because patents and patent issues are
27 presented in the substance of those contracts.

28 *Dow Chem. Co. v. Exxon Corp.*, 139 F.3d 1470, 1478 (Fed. Cir. 1998).